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First Named Inventor	Joseph C. KAWAN, et al.
Art Unit	1762
Examiner Name	Alain L. Bashore
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**ENCLOSURES (check all that apply)**

<input type="checkbox"/> Fee Transmittal Form <input checked="" type="checkbox"/> Fee Attached <input type="checkbox"/> Amendment / Reply <input type="checkbox"/> After Final <input type="checkbox"/> Affidavits/declaration(s) <input type="checkbox"/> Extension of Time Request <input type="checkbox"/> Express Abandonment Request <input type="checkbox"/> Information Disclosure Statement <input type="checkbox"/> Certified Copy of Priority Document(s) <input type="checkbox"/> Reply to Missing Parts/ Incomplete Application <input type="checkbox"/> Reply to Missing Parts under 37 CFR1.52 or 1.53	<input type="checkbox"/> Drawing(s) <input type="checkbox"/> Licensing-related Papers <input type="checkbox"/> Petition <input type="checkbox"/> Petition to Convert to a Provisional Application <input type="checkbox"/> Power of Attorney, Revocation Change of Correspondence Address <input type="checkbox"/> Terminal Disclaimer <input type="checkbox"/> Request for Refund <input type="checkbox"/> CD, Number of CD(s) _____ <input type="checkbox"/> Landscape Table on CD	<input type="checkbox"/> After Allowance Communication to TC <input type="checkbox"/> Appeal Communication to Board of Appeals and Interferences <input checked="" type="checkbox"/> Appeal Communication to TC (Appeal Notice, Brief, Reply Brief) <input type="checkbox"/> Proprietary Information <input type="checkbox"/> Status Letter <input checked="" type="checkbox"/> Other Enclosure(s) (please identify below): PTO-2038 i/a/o \$500.00 Appeal Brief in triplicate
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## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re the U.S. Application of

**Joseph C. KAWAN, et al.**

Group Art Unit: 1762

U.S. Serial No.: 09/276,823

Examiner: **Alain L. Bashore**

Filed: **March 26, 1999**

For: **SYSTEM, METHOD AND APPARATUS FOR VALUE EXCHANGE UTILIZING  
VALUE-STORING APPLICATIONS**

**APPEAL BRIEF**

U.S. Patent and Trademark Office  
Customer Window, Mail Stop Appeal Brief - Patents  
Randolph Building  
Alexandria, VA 22314

Sir:

This is an Appeal Brief under 37 C.F.R. § 41.37 in connection with a Final Office Action mailed on May 31, 2006. Each of the topics required by Rule 41.37 is presented herewith and is labeled appropriately. The Notice of Appeal was filed on November 30, 2006.

**(1) Real Party in Interest**

The real party in interest is Citicorp Development Center, Inc., having an office at 12731 West Jefferson Boulevard, Los Angeles, California 90066.

**(2) Related Appeals and Interferences**

Appellants are unaware of any related appeals and interferences.

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**(3) Status of Claims**

Claims 1 and 3-48 are pending in this application. Claims 1-48 stand under final rejection, from which rejection this appeal is taken.

**(4) Status of Amendments**

The claims have not been amended after the final Office Action dated November 30, 2006.

**(5) Summary of the Claimed Subject Matter**

The summary of the claimed subject matter is a concise explanation of the subject matter defined in independent claims 1, 18, 25, 37, and 45. This is merely meant to be a summary and is in no way intended to limit the pending claims.

In an embodiment as recited in claim 1, a system for performing a financial transaction, comprises a first electronic application for storing application-specific value (See Fig. 3, ref. num. 118) on a transaction card (See Fig. 2, ref. num. 12); a second electronic application for storing general value (See Fig. 3, ref. num. 116) on the transaction card; and a transaction application associated with at least said first electronic application for performing a value exchange (See Fig. 3, ref. nums. 122, 124), wherein said application-specific value and said general value are each exchangeable between each other in said transaction application; and wherein said application-specific value and said general value are each compatible within said system for performing said financial transaction. See, e.g., page 4, lines 18-28; page 5, lines 5-7; page 12, lines 1-7.

In an embodiment as recited in claim 18, a smart card (See Fig. 2, ref. num. 12) for performing a financial transaction, comprises a first application for storing application-specific value (See Fig. 3, ref. num. 118) on said smart card; a second application for storing general value (See Fig. 3, ref. num. 116) on said smart card; wherein said application-specific value and said general value are each compatible for performing said financial transaction; and wherein said application-specific value and said general value are each exchangeable (See Fig. 3, ref. nums. 122, 124) between each other. See, e.g., page 4, lines 18-28; page 5, lines 5-7; page 12, lines 1-7.

In an embodiment as recited in claim 25, a method for performing a financial transaction with a smart card (See Fig. 2, ref. num. 12), comprises storing application-specific value (See Fig. 3, ref. num. 118) in a first electronic application on said smart

card; storing general value in a second electronic application on said smart card; performing a value exchange associated with the financial transaction, wherein the application-specific value and the general value are each exchangeable between each other in the financial transaction. See, e.g., page 5, lines 5-7; page 12, lines 1-7.

In an embodiment as recited in claim 37, a method for performing a financial transaction for exchanging an amount of value between a smart card (See Fig. 2, ref. num. 12) and a corresponding device (See Fig. 4, ref. num. 94), comprises providing application-specific value (See Fig. 3, ref. num. 118) and general value (See Fig. 3, ref. num. 116) on the smart card, where both the application-specific value and general value are compatible for use in performing the financial transaction and wherein the application-specific value and the general value are each exchangeable between each other; and exchanging a transaction amount of value between the smart card and the corresponding device, where the transaction amount of value is at least a portion of one of the application-specific value and the general value. See, e.g., page 5, lines 5-7; page 12, lines 1-7.

In an embodiment as recited in claim 45, a system for performing a financial transaction, comprises a smart card (See Fig. 2, ref. num. 12) having a memory (See Fig. 1, ref. num. 48) for storing a first application having application-specific value (See Fig. 3, ref. num. 118) and a second application having general value (See Fig. 3, ref. num. 116), wherein said application-specific value and said general value are compatible for performing said financial transaction and wherein said application-specific value and said general value are each exchangeable between each other and are secured by encryption on said smart card; and a purchase device (See Fig. 4, ref. nums. 94, 96) for removing value from said smart card, said purchase device comprising a first purchase key (See Fig. 4, ref. num. 30) for use in removing application-specific value from said first application and a second purchase key (See Fig. 4, ref. num. 28) for use in removing general value from said second application, wherein both said first and second purchase keys are security mechanism for accessing encrypted information, and wherein said purchase device is adapted for communication with said smart card to transfer at least one of said application-

specific value and said general value in said financial transaction. See, e.g., page 5, lines 14-21; page 6, lines 1-13; page 12, lines 1-7.

The term “general value” is defined to include, for example, value that is generally equivalent to cash in that the general value is readily accepted in a plurality of financial transactions, and the term “application-specific value” is defined to include, for example, value that has limited acceptance, typically only for transactions associated with a specific application loaded onto the smart card. General value may be accessed by a specific application program and converted into application-specific value, and similarly, application-specific value may be able to be converted to general value. See, e.g., page 7, lines 19-25.

**(6) Issues**

A. Whether the Examiner’s rejections of claims 1-48 under 35 U.S.C. § 112, first paragraph, and 35 U.S.C. § 112, second paragraph, is proper.

B. Whether the Examiner’s rejection of claims 1, 3-35, 37-42, and 44-48 under 35 U.S.C. § 103(a) is proper.

C. Whether the Examiner’s rejection of claims 36 and 43 under 35 U.S.C. § 103(a) is proper.

**(7) Argument**

**A. The Examiner’s rejection of claims 1-48 under 35 U.S.C. § 112, first paragraph, and 35 U.S.C. § 112, second paragraph, is improper.**

Claims 1-48 are rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. Claims 1-48 are also rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The undersigned representative notes that claim 2 has been previously canceled and only claims 1 and 3-48 were pending at the time of the Office Action. Accordingly, the undersigned representative will apply the rejections to claims 1 and 3-48, but asks again that the rejection be withdrawn with respect to claim 2.

The rejections of claims 1 and 3-48 under § 112 both stem from the Examiner's confusion with regard to the terms "general value" and "application-specific value." The Examiner does not appear to understand (1) what each of these terms mean, including the metes and bounds of each value, (2) how general value and application-specific value can be exchanged, and (3) how general value and application-specific value can be compatible. Accordingly, and in an effort to simplify the issues by addressing both rejections under § 112 simultaneously, the undersigned representative will again show the differences between these terms and how the values can be exchanged or compatible.

**1. The Definitions of "General Value" and "Application-Specific Value"**

In the Final Office Action, the Examiner asserts that the claims contain subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventors, at the time the application was filed, had possession of the claimed invention. Specifically, the Examiner asserts:

There is recited in the independent claims "application-specific value" and "general value." These separate recitations are further recited as stored on separate "electronic applications." A lack of written description appears to be present because there is further recited in the independent claims an exchangeability and compatibility which would not allow one with ordinary skill in the art at the time the application was filed to distinguish one type of value over the other, and therefore be able to practice the invention as claimed.

Final Office Action at page 2 (Emphasis added). The Examiner asserts that "There is recited in the independent claims 'application-specific value' and 'general value'. The meets (sic) and bounds are not clear for each type of value to that the recitations are vague and indefinite, especially since there is also claimed an exchangeability and compatibility between the two values." *Id.* at page 3. In the Examiner's Response to Arguments of the Office Action, the Examiner states:

Applicant's argument filed 6-21-05 have been fully considered but they are not persuasive regarding the 35 U.S.C. 112, 2<sup>nd</sup> paragraph rejection. The terms "readily accepted", "generally accepted", "typically", and

“may” in the description on page 7, lines 19-29 of applicant’s specification does not preclude a general value to include application specific value and vice versa. Since applicant’s arguments regarding the prior art is with regards to the distinction between general and application specific value, the 35 U.S.C. 103 rejection is maintained.

Office Action at page 10.

The terms “general value” and “application-specific value” are clearly described in the specification and are distinguishable from each other. The specification defines “general value”:

The term “general value” comprises value that is generally equivalent to cash in that the general value is readily accepted in a plurality of financial transactions.

Page 7, lines 19-20 (emphasis added). The specification also defines “application-specific value”:

The term “application-specific value” comprises value that has limited acceptance, typically only for transactions associated with a specific application loaded onto the smart card.

Page 7, lines 21-23 (emphasis added). Thus, based upon even just these definitions in the specification, it is apparent that a general value acts like cash whereas an application-specific value is more limited in that it is associated with a specific application.

A “general value” is accepted in a plurality of financial transactions. General value is similar to cash in that it can be used for a variety of purposes, including various applications and/or locations. Claim 1 recites, for example, “a second electronic application for storing general value on the transaction card.” According to the description of the present application, “Open purse application 28 is an application that stores general value 32 that may be accessed by other applications to pay for all types of goods and services.” Page 12, lines 9-10 (emphasis added). Further, “Communications with open purse application 28 are in a common format, as is explained below, thereby allowing multiple external devices and applications to perform transactions utilizing the open purse application. Examples of a suitable open purse application 28 include VISA CASH® payments, Mondex® payment

systems, and other similar applications that provide for the storage and exchange of general value.” Page 12, lines 13-18. Thus, general value is used similar to cash to pay for all types of goods and services, as described in detail in the written description.

Unlike “general value,” “application specific value” has only limited acceptance and cannot be used for all types of goods and services. Claim 1 recites, for example, “a first electronic application for storing application-specific value on a transaction card.” According to the description of the present application, “Closed purse application 30 is an application that stores application-specific value 34 that may be accessed only by a specific application, or a limited number of specific applications, to pay for application-specific goods and services.” Page 12, lines 20-22. “An example of closed purse application 30 is a metropolitan transit application (MTA) 74 having a transit purse 76 that stores transit value 78 that may be used to pay for transit services.” Page 15, lines 8-10. In this particular example, the application-specific value can only be used for transit purposes. In contrast, the general value can be used for a variety of purposes, similar to the use of cash.

With regard to the terminology used in the claims and the specification, general value differs from application-specific value. Yet the Examiner asserts that the “specification does not preclude a general value to include application specific value and vice versa.” Office Action at page 10. But the specification does not suggest that a general value can include an application specific value or that an application specific value can include a general value. As described above, a general value is clearly distinct from an application specific value. The Examiner appears to be suggesting that a general value and an application specific value can encompass each other. While cash (e.g., general value) can be used for a transit system, value that is specific to use in the transit system (e.g., application-specific value) cannot be used as cash in other transactions. Although the general value and application specific value are both based on a monetary amount, the distinction between the two values regards the type of financial transaction where the value can be used. Although general value can be used in many types of transactions, the application



specific value can be used in only one particular type of transaction (hence “application-specific”).

The specification does not contradict the undersigned representative’s explanation and does not support the Examiner’s assertions. For example, the description recites, “The term ‘general value’ comprises value that is generally equivalent to cash in that the general value is readily accepted in a plurality of financial transactions.” Page 7, lines 19-20 (emphasis added). The phrase “readily accepted,” as recognized by one of ordinary skill in the art, provides for a broad scope of financial transactions without limiting the transactions to those expressly named in the present application. Although this recitation in the specification does not identify the “financial transactions,” one of ordinary skill in the art would recognize when general value can be utilized for financial transactions. Accordingly, one of ordinary skill would recognize that the description of the present application sufficiently describes that the general value is not limited to a particular financial transaction.

Other phrases identified by the Examiner further support this finding that broad terminology may be used in the description where it is evident that a general value is not limited to a particular transaction, unlike an application specific value. In another example, the description recites, “The term ‘application-specific value’ comprises value that has limited acceptance, typically only for transactions associated with a specific location loaded onto the smart card.” Page 7, lines 21-23 (emphasis added). This recitation expressly states that application specific value has limited acceptance. The phrase “typically” is used to illustrate that the criteria for whether application-specific value is used can be determined by whether the particular transaction is associated with the application-specific value location on the smart card, but the the limited acceptance may be also based on other limitations. Nevertheless, it is clear that general value can be used for a variety of financial transactions and application specific value can be used for a particular kind of transaction. There is no indication, through the use of these phrases or other terminology, that the general value can include the application specific value or the application specific value can include the general value.

## 2. Exchanging Value between General Value and Application-Specific Value

The specification provides sufficient written description on how “application-specific value and said general value are each exchangeable between each other in said transaction application,” as recited in claim 1. The ability to convert general value to application specific value or application specific value to general value is clearly explained and should not contribute to the Examiner’s confusion. The “exchangeable” recitation of the claim finds exemplary support in the specification, which recites:

General value may be accessed by a specific application program and converted into application-specific value. Alternatively, certain applications may limit or prohibit the conversion of their associated application-specific value to general value, such as entitlement program applications. Thus, while general value and application-specific value may be readily exchanged, the specific application program may provide specific rules governing the limits of the exchange.

Page 7, lines 23-29 (emphasis added). In order to illustrate the exchange between general value and application specific value, consider an instance where cash (e.g., general value) is converted into a monetary amount for use in a transit system (e.g., application specific value). In such an instance, the value is being converted or exchanged such that the application of the value is going to be limited to a particular transaction. Alternatively, a value for a particular transaction (application-specific value) can be used for a variety of transactions (as general value).

The specification provides an example involving exchangeability:

In operation, referring to Fig. 3, a typical value exchange transaction utilizing system 10 and smart card 12 may comprise performing a financial transaction at a merchant, over the Internet, at a local terminal or with another cardholder utilizing a RWD [Reader – Writer Device] (block 100). A communication channel must be established between smart card 12 and the corresponding device (block 102). To establish the communication channel, the cardholder engages contact interface 14 into contact RWD 18 (blocks 104 and 106) or places contactless interface 16 in proximity of contactless RWD 20 (blocks 108 and 110). A bi-directional communication then proceeds between card 12 and the respective RWD 18 or 20 that authenticates and verifies both the card the respective device (block 112). At this point, the cardholder may

indicate the amount of value involved in the financial transaction, such as if the cardholder is loading value onto the card or if a card-to-card value exchange is being performed (block 114). Alternatively, the cardholder may confirm the amount of value involved in the transaction, such as if utilizing card 12 in a merchant or Internet transaction. Similarly, this part of the transaction process may be implied, such as in transportation-related applications where a toll or fare may be charged depending upon distance traveled, time of day, customer status (i.e. senior citizen discount, preferred traveler), etc. Next, a choice may be made to utilize general value 32 from open purse application 28 or application-specific value 34 from closed purse application 30 (blocks 116 and 118). Again, this choice may be predetermined, depending on the application with which smart card 12 is interacting.

For example, in utilizing smart card 12 in a subway, the interacting RWD [Reader Writer Device] at an entry gate may automatically initiate a transportation application, such as MTA 74, and hence initially look to use application-specific value 34, such as transit value 38. In contrast, when inserting smart card 12 into a multi-functional terminal device having contact interface 14, the cardholder may be given a choice by the application program within the terminal device as to which type of value should be utilized.

In either case, system 10 and the application program utilized inquire about the availability of sufficient value in the chosen application (block 120). If sufficient value exists, then the transaction is executed and the value exchange is performed and the transaction ends (blocks 122 and 124). If sufficient value does not exist, then the application may permit value from another closed or open purse application to be utilized (block 126). This option may be application-specific as some forms of value may not be convertible, or may have a limited ability to be converted. For example, application-specific value 34 stored in a closed purse application 30 such as for entitlement programs, like a welfare program, may be restricted so that the value can only be used for transactions utilizing the closed purse application. If another application is permitted to be utilized, then the open or closed purse application may be chosen automatically, based on a pre-designation, or the cardholder may indicate which application to use (block 128). The value from the selected application may then be directly utilized to execute and end the transaction (blocks 130, 122 and 124), or it may be converted to value to be stored in the initial application and then utilized to execute and end the transaction (blocks 132, 122 and 124). Alternatively, if another closed or open purse

application is not chosen or permitted to be utilized, another option may be to perform the auto-load function, as described above (block 134). If the auto-load is permitted and/or chosen, then value is added to the initial application and the transaction is executed and ended (blocks 132, 122 and 124). If the auto-load is not permitted and/or not chosen, then the transaction is ended (block 124). Thus, system 10 provides a simple, convenient and fast value exchange transaction utilizing dual interface smart card 12.

(emphasis added). Thus, the specification explains how “application-specific value and said general value are each exchangeable between each other in said transaction application,” as recited in claim 1.

### **3. Compatibility between General Value and Application-Specific Value**

The specification also provides sufficient written description for the premise that “application-specific value and said general value are each compatible within said system for performing said financial transaction,” as recited in claim 1. The specification provides an example of compatibility:

Another advantageous feature of the present invention is the integration of open purse application 28 and closed purse application 30 into a single system. As mentioned above, this is accomplished by structuring closed purse application 30 to be compatible with open purse application 28. Compatibility is enabled by structuring the data and transaction information for a particular closed purse application 30 in a format compatible with the data and transaction information utilized by the particular open purse application 28 being utilized. An identification number associated with the card is preferably used to properly direct the closed purse application transaction information through the established back end computer systems 22 utilized by the particular open purse system application 28.

Page 20, lines 17-26 (emphasis added). Thus, it is clear that compatibility between the general value and application-specific value, according to this exemplary embodiment, means that data regarding the general value and the application-specific value is in the same format.

Therefore, as shown herein, the written description provides sufficient explanation for one of ordinary skill to distinguish between a “general value” and an

“application-specific value,” as well as an explanation of how the values are exchanged or compatible. Therefore, the undersigned representative respectfully requests that the Board reverse the Examiner’s rejection of claims 1 and 3-48 under 35 U.S.C. § 112, first paragraph and 35 U.S.C. § 112, second paragraph.

**B. The Examiner’s rejection of claims 1, 3-35, 37-42, and 44-48 under 35 U.S.C. § 103(a) is improper.**

Claims 1, 3-35, 37-42, and 44-48 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Carlisle et al. (U.S. 5,649,118), in view of Derksen (U.S. 5,478,993) and Gungl et al. (U.S. Pat. No. 5,912,453), and in further view of Electronic Payment Systems. Carlisle, Derksen, Gungl, and Electronic Payment Systems, alone or in combination, do not teach or suggest each and every limitation of the claims.

**1. The Examiner Recognizes Deficiencies in Carlisle**

Regarding independent claims 1, 18, 25, 37, and 45, the Examiner recognizes that Carlisle fails to teach or suggest each and every claimed element including: (a) storing general value in an electronic application; (b) application-specific value and the general value each exchangeable with each other in a transaction application; (c) transfer includes at least a portion of each of said application-specific value and said general value; (d) new application-specific value is exchanged from said general value; (e) new general value loaded by the auto-load; (f) the settlement system additionally accounting for the flow of new general value; (g) new general value amount as the value for determining sufficiency; and (h) exchanging a deficient amount from: general value or from general value that was converted from application-specific value. Office Action at pages 6-7. In order to cure the many deficiencies of Carlisle, the Examiner relies on Derksen, Gungl, and Electronic Payment Systems. Furthermore, even by using all four references, the Examiner still needed to rely upon one of ordinary skill in the art to try to establish a teaching for the claims. As shown below, Derksen, Gungl, and Electronic Payment Systems do not cure the deficiencies of Carlisle, and, in some instances, actually teach away from the

goal of the present application. In this discussion, it is also evident that in view of all of these references, it is still not “obvious to one of ordinary skill in the art.”

Carlisle recites a smart card storing multiple accounts, such as Visa, MasterCard, Discover, ATM, food stamps, welfare, and unemployment accounts, and a look-up table that identifies the particular purchases that can be charged to a particular one of the accounts (e.g., non-food items cannot be charged to the food stamp account). As bar-coded items are scanned at a merchant POS terminal, the POS terminal refers to the look-up table to see which account to charge for each purchase. If the table indicates that a particular purchase can be charged to more than one account, the terminal charges a particular account or accounts according to a priority algorithm, or if the table does not provide an account for a particular purchase, the terminal again charges a particular account or accounts according to a priority algorithm, or manually via a keyboard selection. See, e.g., Carlisle, Col. 1, line-Col. 2, line 67; and Col. 22, line 31-Col. 24, line 18. Thus, Carlisle requires a “table” or “algorithm” to determine which account is used for a purchase.

As already noted, the terms “general value” and “application-specific value”, as recited in each of independent claims 1, 18, 27, 37, and 45, are defined terms meaning, respectively, value that is generally equivalent to cash in that the general value is readily accepted in a plurality of financial transactions and value that has limited acceptance, typically only for transactions associated with a specific application program and converted into application-specific value. As conceded by the Examiner, Carlisle neither teaches nor suggests general value that is stored in a second electronic application on the smart card, in addition to the application-specific value stored in the first electronic application on the smart card, as recited in claims 1, 18, 27, 37, and 45. Just because Carlisle performs a transaction, it does not “inherently” recite general value that is stored in a second electronic application on the smart card and application-specific value stored in the first electronic application on the smart card, as the Examiner asserts.

In fact, Carlisle teaches away from having both a first application with application-specific value and a second application with general value on the smart

card, as recited in claims 1, 18, 27, 37, and 45. Carlisle associates with each data file an “account identifier for uniquely specifying a given account with an account balance and at least one item table identifier.” See, e.g., Carlisle, Col. 2, lines 24-26. Thus, each account of each data file has a table listing items that such account can be used to purchase. See, e.g., Carlisle, Fig. 12. Thus, it is clear that each of the multiple applications shown in Fig. 11 of Carlisle et al. stores only application-specific value (i.e., a value for transaction of those particular items allowed and listed in an item table of each application). Therefore, Carlisle fails to teach or suggest each and every limitation.

## 2. Derksen Fails to Cure Carlisle’s Deficiencies

Derksen fails to remedy the deficiencies of Carlisle. Neither Carlisle nor Derksen, either separately or in combination with one another, teach or suggest storing both general value application-specific value on the smart card, as recited in claims 1, 18, 27, 37, and 45. Derksen recites a card storing different value limits in two or more “separate money compartments” which can each be used only at certain designated “payment sites” pursuant to certain “payment site arrangements.” The “payment sites” include one to pay for services, including “public transport, tolls, and admission tickets,” another that is likewise used for such payments and can also be reloaded, and still another that is also used for such payments, as well as “eating in certain restaurants” and can also establish on line contact with a verification agency for authentication and correction or reloading the card from an account of the card holder or debiting the card holder’s account. See, e.g., Derksen, Col. 2, lines 35-37; Col. 4, lines 25-31; Col. 6, lines 47-50; and Col. 7, lines 9-25.

Consequently, it is likewise clear that the “separate money compartments” of Derksen that can be used only at certain designated “payment sites” pursuant to certain “payment site arrangements” are only *application-specific* value for transactions at only those certain designated “payment sites” pursuant to those certain “payment site arrangements”. Accordingly, the “separate money compartments” of Derksen store only application-specific values and not general values, and it is also

self-apparent that the “separate money compartments” of Derksen do not store both application-specific and general values.

### 3. Gungl Teaches Away

Gungl teaches away from storing both application-specific and general values on a transaction card, as recited in claims 1, 18, 25, 37, and 45. Specifically, Gungl recites a chip card whereby “application programs which are stored on the chip card do not have access to each other.” See, e.g., Gungl, Col. 3, lines 20-22 (emphasis added). Although there is language in Gungl about “communication” that may occur between independent units on a chip “when required” via a “control unit” (See, e.g., Gungl, Col. 3, lines 35-44), there is no suggestion in Gungl that application-specific value and general value are being exchanged. There is also language in the Background section of Gungl at Col. 2, lines 26-56 about prior art chip cards known as “multifunction or multifunctional chip cards,” that are susceptible to an operator of an application program because he may “move feely” on the chip card. Accordingly, Gungl does not teach or suggest storing both an application-specific value and a general value on a transaction card, as recited in claims 1, 18, 25, 37, and 45.

### 4. Electronic Payments Systems Also Fails to Cure Deficiencies

Electronic Payment Systems fails to remedy the deficiencies of Carlisle, Derksen, and Gungl. Carlisle, Derksen, Gungl, and Electronic Payment Systems, either separately or in combination with one another, neither teach nor suggest storing both general value application-specific value on the smart card which are each exchangeable with one another in a transaction, as recited in claims 1, 18, 27, 37, and 45. Section 7.2.8 of Electronic Payment Systems, relied on by the Examiner, recites:

Another proposed extension is to allow customers to convert unspent tickets back to real money. This would be done by sending the ticket to the vendor, who would pay the remaining account balance to the user using an existing macropayment system. A system in which any user can accept payments, such as an electronic cash system will have to be used for this purpose. Credit card systems cannot do this. The cost of the macropayment transaction may have to be covered by the merchant charging a fee for the service.



It is noted that the context of the particular section of Electronic Payment Systems relates to “a simple micropayment protocol designed for efficient pay-per-view payments on the Internet” that “works by creating temporary prepaid accounts for users at a specific vendor.” See, e.g., Electronic Payment Systems, Section 7.2. Further, an “unspent ticket” referred to in Section 7.2.8 of Electronic Payment Systems is simply “a special account identifier used to authenticate the account owner to the account maintained at the vendor site in order to make a micropayment purchase” that “is valid only at one particular merchant.”

Electronic Payment Systems likewise teaches away from storing both general value and application-specific value on the smart card which are each exchangeable with one another in a transaction, as recited in claims 1, 18, 27, 37, and 45, in that the “unspent ticket” is only *application-specific* value prepaid to an online merchant that “is valid only at one particular merchant.” Moreover, refund of the unspent balance of the prepaid value by the merchant to the account owner in “[a] system in which any user can accept payments, such as an electronic cost system” which “[c]redit cards cannot do” has absolutely nothing to do with storing both general value application-specific value on the smart card which are each exchangeable with one another in a transaction, as recited in claims 1, 18, 27, 37, and 45.

Consequently, Carlisle, Derksen, Gunzl, and Electronic Payment Systems, either alone or in combination with one another, do not teach or even suggest at least the required combinations of limitations proposing that both application-specific value and general value are stored on the transaction card and that the application-specific value and general value are each exchangeable with one another in a transaction, as recited in claims 1, 18, 25, 37, and 45. Additionally, Carlisle, Derksen, Gunzl, and Electronic Payment Systems, either alone or in combination with one another, do not teach or suggest at least the required combinations of limitations proposing that both application-specific value and general value are stored on the transaction card and that each is compatible within the system for performing a transaction, as recited in claims 1, 18, 37, and 45.

Because the cited references, either alone or in combination, do not teach or suggest the limitations of independent claims 1, 18, 25, 37, and 45, the Examiner has failed to establish the required *prima facie* case of unpatentability. See In re Royka, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a *prima facie* case of obviousness requires the references to teach all of the limitations of the rejected claim); See also MPEP §2143.03. Similarly, the Examiner has failed to establish a *prima facie* case of unpatentability for claims 3-16 that depend on claim 1, claims 19-24 that depend on claim 18, claims 26-36 that depend on claim 25, claims 38-44 that depend on claim 37, and/or claims 46-48 that depend on claim 45, and which recite further specific elements that have no reasonable correspondence to the references.

**D. The Examiner's rejection of claims 36 and 43 under 35 U.S.C. § 103(a) is improper.**

Claims 36 and 43 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Carlisle et al. (U.S. 5,649,118), in view of (Derksen (U.S. 5,478,993) and Gungl et al. (U.S. Pat. No. 5,912,453)), in further view of Electronic Payment Systems as applied to the claims above, and further in view of Taskett (U.S. 5,991,748).

As noted above, because Carlisle, Derksen, Gungl, and Electronic Payment Systems, either alone or in combination, do not teach or suggest independent claims 25 and 37, the Examiner has failed to establish the required *prima facie* case of unpatentability of independent claims 25 and 37, and similarly has failed to establish a *prima facie* case of unpatentability for claim 36 that depends on claim 1 and claim 43 that depends on claim 37, and which recite further specific elements that have no reasonable correspondence to the references.

Claim 36 depending on independent claim 25 proposes that, in addition to storing both the application-specific value and the general value which are each exchangeable between each other in the financial transaction, all of the application-specific value is exchanged in a transaction, new application-specific value is automatically loaded, at least a portion of which is exchanged to complete the financial transaction. Claim 43 proposes that, in addition to storing both the application-specific value and the general value which are both compatible for use in

a transaction and are each exchangeable between each other in the financial transaction, a predetermined amount of application-specific value is added to the smart card if a sufficient amount of the application-specific value does not exist which exchanging a transaction amount of value that is at least a portion of the application-specific value or the general value.

Taskett does not remedy the deficiencies of Carlisle, Derksen, Gungl, and Electronic Payment Systems. On the contrary, Traskett recites a prepaid phone card having application-specific value (specific for making phone calls) and a prepaid instrument, credit or debit card that can be transferred to the phone card to replenish its account balance. However, while funds from the prepaid instrument, credit or debit card may be exchangeable in the sense of transferring value in and out, the prepaid phone card with its application-specific value is not exchangeable because it can only receive and convert funds from the prepaid instrument, credit or debit card into value specific for the application of making phone calls, whereas it cannot convert the specific value for phone charges back into funds for the prepaid instrument, credit or debit card.

Consequently, Carlisle, Derksen, Gungl, Electronic Payment Systems, and/or Traskett, either alone or in combination with one another, do not teach or suggest the required combinations of limitations proposing that all of the application-specific value stored on the smart card and exchangeable with the general value also stored in the smart card is exchanged in a transaction, new application-specific value is automatically loaded, at least a portion of which is exchanged to complete the financial transaction, as recited in claim 36. Neither Carlisle, Derksen, Gungl, Electronic Payment Systems, nor Traskett, either alone or in combination with one another teach or suggest the required combinations of limitations proposing that a predetermined amount of application-specific value is added to the smart card if a sufficient amount of the application-specific value does not exist when exchanging a transaction amount of value that is at least a portion of the application-specific value or the general value both stored on the smart card and exchangeable between each other in the financial transaction, as recited in claim 43.

Because the cited references, either alone or in combination, do not teach or suggest claims 36 or 43, the Examiner has failed to establish the required *prima facie* case of unpatentability. See In re Royka, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a *prima facie* case of obviousness requires the references to teach all of the limitations of the rejected claim); See also MPEP §2143.03.

**(8) Claims Appendix**

1. (previously presented) A system for performing a financial transaction, comprising:

a first electronic application for storing application-specific value on a transaction card;

a second electronic application for storing general value on the transaction card; and

a transaction application associated with at least said first electronic application for performing a value exchange, wherein said application-specific value and said general value are each exchangeable between each other in said transaction application; and

wherein said application-specific value and said general value are each compatible within said system for performing said financial transaction.

2. (cancelled)

3. (original) A system as recited in claim 1, further comprising:

at least one communication interface for transferring at least one of said application-specific value and said general value to or from said first electronic application and said second electronic application, respectively.

4. (original) A system as recited in claim 3, wherein said at least one communication interface comprises a contactless interface.

5. (original) A system as recited in claim 1, wherein said financial transaction utilizing said first electronic application is formatted for utilization with a settlement system associated with said second electronic application.

6. (original) A system as recited in claim 1, wherein said financial transaction comprises a transfer of at least a portion of each of said application-specific value and said general value.

7. (original) A system as recited in claim 1, wherein said financial transaction comprises a transfer of at least a portion of one of said application-specific value and said general value.

8. (original) A system as recited in claim 1 embodied in a smart card comprising a memory for storing said first electronic application and said second electronic application.

9. (original) A system as recited in claim 8, further comprising:

a transaction application associated with said first application for performing a value exchange associated with said financial transaction, wherein said application-specific value and said general value are each compatible with said transaction application, and wherein said transaction application is stored in said memory of said smart card.

10. (original) A system as recited in claim 8, further comprising a first terminal for loading at least one of said first electronic application and said second electronic application onto said memory.

11. (original) A system as recited in claim 8, further comprising a second terminal for adjusting the amount of at least one of said application-specific value and said general value based upon said financial transaction.

12. (original) A system as recited in claim 11, further comprising:

a transaction application for performing a value exchange associated with said financial transaction, wherein said application-specific value and said general value

are each compatible with said transaction application, and wherein said transaction application is stored in said second terminal.

13. (original) A system as recited in claim 1, further comprising:

an auto-load application for loading new application-specific value into said first electronic application.

14. (original) A system as recited in claim 13, wherein said new application-specific value is exchanged from said general value.

15. (original) A system as recited in claim 13, wherein said new application-specific value is exchanged for a debit to an account selected from the group consisting of a checking account, a savings account, a credit account, a debit account, and a loan account.

16. (original) A system as recited in claim 1, further comprising:

an auto-load application for loading new general value into said second electronic application.

17. (original) A system as recited in claim 16, wherein said new general value is exchanged for a debit to an account selected from the group consisting of a checking account, a savings account, a credit account, a debit account, and a loan account.

18. (previously presented) A smart card for performing a financial transaction, comprising:

a first application for storing application-specific value on said smart card;

a second application for storing general value on said smart card;

wherein said application-specific value and said general value are each compatible for performing said financial transaction; and

wherein said application-specific value and said general value are each exchangeable between each other.

19. (previously presented) A smart card as recited in claim 18, wherein said financial transaction utilizing said first application is formatted for utilization with a settlement system associated with said second application.

20. (original) A smart card as recited in claim 18, wherein said financial transaction comprises a transfer of at least a portion of each of said application-specific value and said general value.

21. (original) A smart card as recited in claim 18, further comprising:

at least one communication interface coupled with at least one of said first application and said second application for transferring at least one of said application-specific value and said general value.

22. (original) A smart card as recited in claim 21, wherein said at least one communication interface comprises a contactless interface.

23. (original) A smart card as recited in claim 18, further comprising:

a memory for storing said first application and said second application as software components.

24. (original) A smart card as recited in claim 23, further comprising:

at least one communication interface coupled with at least one of said first application and said second application for transferring at least one of said application-specific value and said general value.



25. (previously presented) A method for performing a financial transaction with a smart card, comprising:

storing application-specific value in a first electronic application on said smart card;

storing general value in a second electronic application on said smart card;

performing a value exchange associated with the financial transaction, wherein the application-specific value and the general value are each exchangeable between each other in the financial transaction.

26. (original) A method as recited in claim 25, further comprising exchanging at least a portion of one of the application-specific value and the general value to perform the transaction.

27. (original) A method as recited in claim 25, further comprising exchanging at least a portion of both the application-specific value and the general value to perform the transaction.

28. (original) A method as recited in claim 25, further comprising formatting the financial transaction performed with application-specific value for utilization with a settlement system associated with the second electronic application.

29. (original) A method as recited in claim 25, further comprising transferring at least one of the application-specific value and the general value through a communication interface in communication with at least one of the first electronic application and the second electronic application.

30. (original) A method as recited in claim 29, wherein the at least one communication interface comprises a contactless interface.

31. (previously presented) A method as recited in claim 25, wherein storing the application-specific value in the first electronic application comprises storing the application-specific value in a memory on said smart card.

32. (previously presented) A method as recited in claim 25, wherein storing the general value in the second electronic application comprises storing the general value in a memory on said smart card.

33. (original) A method as recited in claim 25, wherein performing a value exchange comprises utilizing a transaction application to perform the financial transaction.

34. (previously presented) A method as recited in claim 33, wherein utilizing a transaction application comprises utilizing a transaction application stored in a memory on said smart card.

35. (original) A method as recited in claim 33, wherein utilizing a transaction application comprises utilizing a transaction application stored in a transaction terminal.

36. (original) A method as recited in claim 25, further comprising:

exchanging all of the application-specific value;

automatically loading new application-specific value; and

exchanging at least a portion of the new application-specific value to complete the financial transaction.

37. (previously presented) A method for performing a financial transaction for exchanging an amount of value between a smart card and a corresponding device, comprising:

providing application-specific value and general value on the smart card, where both the application-specific value and general value are compatible for use in performing the financial transaction and wherein the application-specific value and the general value are each exchangeable between each other; and

exchanging a transaction amount of value between the smart card and the corresponding device, where the transaction amount of value is at least a portion of one of the application-specific value and the general value.

38. (original) A method as recited in claim 37, further comprising establishing a communication channel between the smart card and the corresponding device.

39. (original) A method as recited in claim 38, wherein the communication channel comprises a network selected from the group consisting of a merchant point-of-sale network and the Internet.

40. (original) A method as recited in claim 37, further comprising:

inquiring about the availability of a sufficient amount of application-specific value to perform the financial transaction; and

exchanging the sufficient amount of application-specific value if the sufficient amount exists.

41. (original) A method as recited in claim 40, further comprising:

determining a deficient amount of value if the sufficient amount of application-specific value does not exist;

inquiring about the availability of the deficient amount of value in general value; and

exchanging the deficient amount of value in general value.

42. (original) A method as recited in claim 41, further comprising converting the deficient amount of value in general value to a deficient amount of value in application-specific value.

43. (previously presented) A method as recited in claim 37, further comprising adding a predetermined amount of application-specific value to the smart card if a sufficient amount of the application-specific value does not exist.

44. (original) A method as recited in claim 37, further comprising tracking the usage of said application-specific value and said general value associated with the financial transaction in order to determine a reward.

45. (previously presented) A system for performing a financial transaction, comprising:

a smart card having a memory for storing a first application having application-specific value and a second application having general value, wherein said application-specific value and said general value are compatible for performing said financial transaction and wherein said application-specific value and said general value are each exchangeable between each other and are secured by encryption on said smart card; and

a purchase device for removing value from said smart card, said purchase device comprising a first purchase key for use in removing application-specific value from said first application and a second purchase key for use in removing general value from said second application, wherein both said first and second purchase keys are security mechanism for accessing encrypted information, and wherein said purchase device is adapted for communication with said smart card to transfer at least one of said application-specific value and said general value in said financial transaction.

46. (original) A system as recited in claim 45, wherein said first application generates a first set of transaction information, including said application-specific value, and said second application generates a second set of transaction information, including said general value, for use in said financial transaction, wherein said first set of transaction information is formatted for processing like said second set of transaction information.

47. (original) A system as recited in claim 45, further comprising a funding source for receiving funds in exchange for transferring at least one of said application-specific value and said general value to said smart card.

48. (original) A system as recited in claim 45, further comprising a settlement system for accounting for the flow of application-specific value and general value among said smart card and said purchase device in order to settle said financial transaction.

**(9) Evidence Appendix**

None.

**(10) Related Proceedings Appendix**

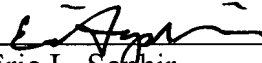
None.

CONCLUSION

The undersigned representative respectfully submits that this application is in condition for allowance, and such disposition is earnestly solicited. Applicants respectfully request that the final rejections by the Examiner be reversed. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 50-1458, and please credit any excess fees to such deposit account.

Respectfully submitted,

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